

registration fees will reduce the cost of capital formation in the United States. Changes to margin requirements should lower funding costs for broker-dealers, benefiting investors without reducing the systemic protections of the margin requirements. This legislation will more efficiently divide responsibility for regulation between the Federal and State governments. The SEC will be charged with responsibility for activities in the national markets, such as regulation of securities listed on the national exchanges and mutual funds, as well as large investment advisors. States will have responsibility for smaller issues and investment advisors with smaller portfolios, while retaining their authority to take enforcement actions against fraudulent conduct in all situations.

The legislation gives the SEC new broad general exemptive authority under both the Securities Act and the Exchange Act, which should allow the Commission to deal more quickly and effectively with the facts and circumstances of individual situations. At the same time, it strengthens the SEC's hand in addressing fund names that use words such as "government," "guaranteed," or "insured," which can cause investors to conclude, incorrectly, that their invest-

ments are guaranteed by State or Federal authorities.

This legislation will save hundreds of millions of dollars for American businesses. Corporations will benefit from the reduction in SEC fees. Mutual funds, which are sold nationally, will be regulated nationally. Broker-dealers will benefit from no longer being subject to dozens of differing State net capital and books and records requirements. The SEC's funding will be more stable and predictable than it has been in recent years. These changes will all enhance our national capital markets, helping to create and nurture new businesses and new jobs, and enhancing the returns of both businesses and investors.

I am pleased to sign this bill into law. I thank all the participants—from the Congress, from Federal and State regulatory agencies, from the affected industries—for the hard work that culminated in enactment of this important piece of legislation.

WILLIAM J. CLINTON

The White House,
October 11, 1996.

NOTE: H.R. 3005, approved October 11, was assigned Public Law No. 104-290.

Statement on Signing the Intelligence Authorization Act for Fiscal Year 1997

October 11, 1996

Today I am signing into law H.R. 3259, the "Intelligence Authorization Act for Fiscal Year 1997." The Act authorizes appropriations for the intelligence and intelligence related activities of the United States during fiscal year 1997.

This legislation is the result of the hard work of many people in the Administration and in the Congress who are dedicated to both a strong national intelligence capability and effective congressional oversight. Through their efforts, the Intelligence Community will be able to continue critical intelligence activities furthering U.S. national security interests.

I am pleased that this legislation largely reflects my Budget request. I commend the conferees for funding the Environmental Intelligence and Applications Program and the auto-

matic declassification reviews under section 3.4 of Executive Order 12958. This legislation will also enhance Intelligence Community support for U.S. law enforcement agencies by clarifying existing authorities that permit elements of the Intelligence Community to collect information on non-U.S. persons abroad at the request of U.S. law enforcement agencies.

Although I am signing this Act, I have concerns about the provisions in it that purport to direct the creation of two new National Security Council (NSC) committees—a Committee on Foreign Intelligence and a Committee on Transnational Threats. Such efforts to dictate the President's policy process unduly intrude upon Executive prerogatives and responsibilities. I would note that under my Executive authority,

I have already asked the NSC to examine these issues.

Moreover, I have already signed into law provisions to establish a Committee on Nonproliferation and will appoint a National Coordinator for Nonproliferation Matters, one of whose duties will be to make recommendations to me concerning the structure and organization of the Federal Government in this area.

Additionally, the provision requiring the Director of Central Intelligence (DCI) to concur or be consulted before the appointment of certain intelligence officials is constitutionally questionable in two areas: regarding limitations on the President's ability to receive the advice of cabinet officers; and regarding circumscription of the President's appointment authority. The Administration has supported the concept of obtaining the DCI's concurrence or consultation prior to the appointment of certain other intelligence officials as specified in both H.R. 3259 and the National Defense Authorization Act for Fiscal Year 1997 (Public Law 104-201). How-

ever, I will do so through an Executive order to avoid such constitutional concerns.

Finally, the DCI has communicated to me his strong opposition to provisions in the Act that would establish three new Assistant Directors of Central Intelligence, each requiring Senate confirmation. I share his concerns that these provisions will add another layer of positions requiring Senate confirmation without a substantial corresponding gain in the DCI's authority or ability to manage the Intelligence Community. I understand that the DCI intends to seek repeal or significant modification of these provisions in the 105th Congress. I will support such efforts.

WILLIAM J. CLINTON

The White House,
October 11, 1996.

NOTE: H.R. 3259, approved October 11, was assigned Public Law No. 104-293.

Statement on Signing the Economic Espionage Act of 1996

October 11, 1996

Today I have signed into law H.R. 3723, the "Economic Espionage Act of 1996." It strengthens our protections against the theft or misuse of proprietary business information. It will help us crack down on acts like software piracy and copyright infringement that cost American businesses billions of dollars in lost revenues. And it will advance our national security.

This legislation makes the theft or misappropriation of trade secrets a Federal crime. The Act provides distinct monetary penalties and prison sentences for defined acts of economic espionage and trade secret theft. It also provides for criminal forfeiture of property used in or derived from economic espionage or trade secret theft and preserves the confidentiality of trade secrets in court proceedings.

This Act is an outstanding example of my Administration, the Congress, and the business community working together to provide law enforcement with the tools to combat the problems of economic espionage and trade secret theft.

Trade secrets are an integral part of virtually every sector of our economy and are essential to maintaining the health and competitiveness of critical industries operating in the United States. Economic espionage and trade secret theft threaten our Nation's national security and economic well-being.

Until today, Federal law has not accorded appropriate or adequate protection to trade secrets, making it difficult to prosecute thefts involving this type of information. Law enforcement officials relied instead on antiquated laws that have not kept pace with the technological advances of modern society. This Act establishes a comprehensive and systemic approach to trade secret theft and economic espionage, facilitating investigations and prosecutions.

This bill also strengthens protection for our national information infrastructure by eliminating gaps in the criminal laws covering attacks against computers and the information they contain. Importantly, it does so without imped-